

Gift Acceptance Policy

1. Policy and Purposes

This Policy represents the policy of Howard County Public Schools Educational Foundation, Inc. D/B/A Bright Minds Foundation (the “Organization”) governing the solicitation and acceptance of gifts by the Organization. The board of directors (“Governing Body”) of the Organization and its staff solicit current and deferred gifts from individuals, corporations, foundations and others for purposes that will further and fulfill the Organization’s mission. The mission (or a summary of the mission) of the Organization is: To improve the education outcomes for all Howard County Public School students by bringing together community support to address resource & opportunity gaps faced by students and educators.

Purposes of this Policy include:

- a. guidance for the Governing Body, officers, staff and other constituencies with respect to their responsibilities concerning gifts to the Organization; and
- b. guidance to prospective donors and their professional advisors when making gifts to the Organization.

The provisions of this Policy shall apply to all gifts received by the Organization. Notwithstanding the foregoing, the Organization reserves the right to revise or revoke this Policy at any time, and to make exceptions to the Policy.

Review by the Governing Body can be performed at the next scheduled meeting or by email.

2. Review by Finance Committee

- A. The Organization. The Organization shall seek the advice of the Finance Committee in matters relating to acceptance of gifts when appropriate. Review by the Finance Committee is required for:
 - Closely held stock transfers that are subject to restrictions or buy-sell agreements;
 - Documents naming the Organization as trustee;
 - Gifts involving contracts such as bargain sales, partnership agreements, or other documents requiring the Organization to assume an obligation;
 - Transactions with a potential conflict of interest;
 - Gifts of real estate;
 - Pledge agreements with unique terms;
 - Gifts with donor restrictions with unique or unusual terms;
 - Gifts of cryptocurrency; and
- B. Donor. For non-standard gifts, in order to avoid potential conflicts of interest, the Organization should encourage prospective donors to seek the assistance of their own legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

3. General Policy

The Organization shall not accept gifts that:

- Violate the terms of the Organization’s organizational documents;
- Would jeopardize the Organization’s status as an exempt organization under federal or state law;

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- Are too difficult or expensive to administer;
- Are for purposes that do not further the Organization's objectives; or
- Could damage the reputation of the Organization.

Subject to Section 4 below, all final decisions on the acceptance or refusal of a gift shall be made by the Governing Body.

4. Policy Regarding Specific Types of Gifts

- A. Gifts Generally Accepted Without Review include gifts of cash without donor restrictions and gifts restricted for the following purposes:
- i. Early Childhood Literacy
 - ii. Resources for Student Success - This includes support for career and technical education resources, emergency support for students experiencing homelessness, bridging the digital divide, and other critical educational resources as defined by the school system and Governing Body. Funds are applied as they are designated within this category.
 - iii. Teacher Externships
 - iv. Teacher Grants
 - v. Student Scholarships
- B. Gifts of cash without donor restrictions and gifts with purpose restrictions listed above will be accepted by the Organization without prior review by the Governing Body, provided that, for donations of \$250,000 or more, the identity of the donor has been vetted with respect to any reputational or policy issues. Gifts of cash without donor restrictions are acceptable in any form. Checks shall be made payable to the Organization.
- C. Gifts Subject to Governing Body Review Prior to Acceptance. Those gifts in excess of the board-approved threshold in Section 4B and donor-restricted not listed in Section 4A, must be reviewed by the Governing Body prior to acceptance, unless the Governing Body authorizes certain de minimis gifts or categories of gifts to be accepted without its review. The following guidelines also apply:
- i. Tangible Personal Property: The Governing Body shall review and decide whether to accept gifts of tangible personal property by considering the following factors:
 1. Whether the property furthers the mission of the Organization;
 2. The marketability of the property;
 3. The restrictions on the use, display, or sale of the property; and
 4. Carrying costs and possible liability for the property.
 - ii. Marketable Securities
 1. Marketable securities that are not restricted by applicable securities laws may be transferred to an account maintained by the Organization at one or more brokerage firms. All marketable securities shall normally be sold as soon as practical following receipt, unless otherwise directed by the Organization's Governing Body.
 2. If the marketable securities are restricted by applicable securities laws, the Governing Body shall make the final determination on the acceptance of the restricted securities.

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- iii. **Closely-Held Securities:** Closely-held securities, including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs, or other ownership forms, can be accepted subject to the approval of the Governing Body of the Organization. The Governing Body shall review and decide whether to accept closely held securities based on the following factors:
1. Restrictions on the security that would prevent the Organization from ultimately converting the securities to cash;
 2. The marketability of the securities; and
 3. Any undesirable consequences for the Organization from accepting the securities.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Governing Body of the Organization with advice of legal counsel when deemed necessary. Non-marketable securities shall be sold as quickly as possible.

- iv. **Cryptocurrency (sometimes called “digital currency” or “virtual currency”):** The organization may accept gifts of cryptocurrency and other forms of digital assets after due diligence is performed to determine that the asset is able to be transferred and liquidated. The Governing Body shall review and decide whether to accept cryptocurrency based on the following factors:
1. Restrictions or terms and conditions on the cryptocurrency that would prevent the Organization from ultimately converting it to cash;
 2. The ability of the Organization to immediately liquidate the cryptocurrency;
 3. The ability of the Organization to comply with the IRS in acknowledging the donation, which is viewed as property; and
 4. Any undesirable consequences for the Organization from accepting the gift, including gifts from anonymous donors.
- v. **Bequests:** Donors may make bequests to the Organization under their wills and trusts. A bequest will not be recorded as a gift until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the gift will be recorded in accordance with GAAP.
- vi. **Charitable Remainder Trusts:** The Organization may accept designations as remainder beneficiary of a charitable remainder trust. The Organization shall not accept appointment as trustee of a charitable remainder trust.
- vii. **Charitable Lead Trusts:** The Organization may accept designations as income beneficiary of a charitable lead trust. The Organization shall not accept an appointment as trustee of a charitable lead trust.
- viii. **Retirement Plan Beneficiary Designations:** The Organization may accept designations as beneficiary of donors’ retirement plans. Designations will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, the gift will be recorded in accordance with GAAP.
- ix. **Life Insurance:** The Organization may accept designations as beneficiary and owner of a life insurance policy. The life insurance policy will be recorded as a gift once the

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Organization is named as both beneficiary and irrevocable owner of a life insurance policy. The gift shall be valued in accordance with GAAP. If the donor contributes future premium payments, the Organization will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Organization may:

1. Continue to pay the premiums;
2. Convert the policy to paid up insurance, or
3. Surrender the policy for its current cash value.

Donors may name the Organization as beneficiary or contingent beneficiary of their life insurance policies. Designations will not be recorded as gifts until the gift is irrevocable. Where the gift is irrevocable, the gift shall be recorded in accordance with GAAP.

- x. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.

Environmental Review. Prior to acceptance of real estate, the Organization shall require an initial environmental review of the property to ensure that the property has no environmental problem. If the initial inspection reveals a potential problem, the Organization shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be an expense of the donor.

Title Binder. A title binder shall be obtained by the Organization prior to the acceptance of the real property gift when appropriate. The cost of this title binder shall be an expense of the donor.

Factors for Acceptance. The Governing Body and legal counsel shall review and decide whether to accept real property based on the following factors:

1. Whether the property is useful for the purposes of the Organization;
2. The marketability of the property;
3. Any encumbrances, leases, restrictions, reservations, easements, or other limitations associated with the property;
4. Any carrying costs associated with the property, including insurance, property taxes, mortgages, notes or other costs;
5. Any concerns which the environmental audit revealed.

- xi. Named Funds: A donor, or group of donors, may contribute and name a fund and restrict the use of the income or principal of the fund. Named funds require a minimum contribution of \$250,000 and are subject to Governing Body approval like any other restricted gift.

5. Additional Provisions

- a. Gift Agreements. Where appropriate, the Organization shall enter into a written gift agreement with the donor, specifying the terms of any donor-restricted gift, which may include provisions regarding donor recognition and use of earnings derived from the gift.
- b. Pledge Agreements. Acceptance by the Organization of pledges by donors of future support of the Organization (including by way of matching gift commitments) shall be contingent upon the

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- execution and fulfillment of a written charitable pledge agreement specifying the terms of the pledge, which may include provisions regarding donor recognition.
- c. Fees. The Organization will not accept a gift unless the donor is responsible for (1) the fees of independent legal counsel retained by donor for completing the gift; (2) appraisal fees; (3) environmental audits and title binders (in the case of real property); and (4) all other third-party fees associated with the transfer of the gift to the Organization.
 - d. Valuation of Gifts. The Organization shall record gifts received at their valuation on the date of gift, except that, when a gift is irrevocable, but is not due until a future date, the gift may be recorded at the time the gift becomes irrevocable in accordance with GAAP.
 - e. IRS Filings upon Sale of Gifts. To the extent applicable, the Governing Body shall file IRS Form 8282 upon the sale or disposition of any charitable deduction property sold within three (3) years of receipt by the Organization. “Charitable deduction property” means any donated property (other than money and publicly traded securities) if the value claimed by the donor exceeds \$5,000 per item or group of similar items donated by the donor to one or more donee organizations (e.g., the property listed in Section B on Form 8283). The Organization shall file this form within 125 days of the date of sale or disposition of the asset.
 - f. Written Acknowledgement. The Governing Body of the Organization shall provide written acknowledgement of all gifts [or those gifts in excess of an appropriate, board-approved threshold] made to the Organization and comply with the current IRS requirements in acknowledgement of the gifts.
 - g. Changes to or Deviations from the Policy. This Policy has been reviewed and accepted by the Organization's Governing Body, which has the sole power to change this Policy on October 15, 2024. In addition, the Governing Body must approve in writing any deviations from this Policy.
 - h. Donor Recognition. Donor recognitions will be made in accordance [IRS Section 513 “qualified sponsorship payment”](#). The Organization will not receive payments for advertising. IRC Section 513(i) defines a “qualified sponsorship payment” as any payment made by any person engaged in a trade or business with respect to which there is no arrangement or expectation that such person will receive any substantial return benefit other than the use or acknowledgement of the name or logo (or product lines) of such person's trade or business in connection with the activities of the organization that receives such payment. Such use or acknowledgement does not include advertising such person's products or services (including messages containing qualitative or comparative language, price information, or other indications of savings or value, an endorsement, or an inducement to purchase, sell, or use such products or services).
 - i. The Organization will not accept sponsorships from political organizations or candidates.
 - i. Refund policy: The Organization considers all gifts to be nonrefundable. The Organization may consider returning gifts to the donor, but only in limited circumstances and only for gifts below \$100 unless required by State law or noncompliance with donor-imposed restrictions. Donors must request refunds via email to info@brightmindsfoundation.org within 3 months of making the donation. All refunds will be returned using the original method of payment.